

ORIGINAL



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8 Attorneys for Defendants Bogue Trend Management

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

JEFF HATCH-MILLER, Chairman
WILLIAM A. MUNDELL
MIKE GLEASON
KRISTIN K. MAYES
BARRY WONG

In the matter of:

Trend Management Group., Inc., a Nevada
corporation
8601 Six Forks Road, Suite 400
Raleigh, NC 27615

Scott Renny Bogue, Sr. (DRD #1588216) and
Arlene Jane Bogue, husband and wife
12308 Camberwell Court
Raleigh, NC 27614

Ryan James Herndon and Lori Darlene
Herndon
(a.k.a. Lori J. Herndon a.k.a. Lori Jordan,
husband and wife
609 East Silverwood Drive
Phoenix, AZ 85048

Trend Capital, LLC, an Arizona limited
liability company
4025 East Chandler Blvd., Suite 70F15
Phoenix, AZ 85048
Linda Bryant Jordan (a.k.a. Linda Van

DOCKET No. S-20476A-06-0557

**MOTION FOR SUMMARY
JUDGMENT RE ARLENE
BOGUE**

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2007 MAR 22 A 8:11
ARIZONA CORPORATION COMMISSION
RECORDING CONTROL

Arizona Corporation Commission
DOCKETED

MAR 22 2007

DOCKETED BY

nr

1 Vranken a.k.a. Linda Jordan-Van Vranken), a
2 married person, individually and doing
3 business as The Trend Group, Inc.
4 3641 East Park Avenue
5 Phoenix, AZ 85044

6 Russell Langdon Van Vranken, husband of
7 Linda Bryant Jordan
8 3641 East Park Avenue
9 Phoenix, AZ 85044

10 Easy Street Financial Group, Inc., an Arizona
11 corporation
12 9949 West Bell Road, #202
13 Sun City, AZ 85371

14 Pursuant to A.A.C. R14-3-101(A), R14-3-106(K), and A.R.C.P. 56, Respondent
15 Arlene Bogue moves for summary judgment on all claims against her. The Commission
16 joined Mrs. Bogue "solely for purposes of determining the liability of the marital
17 community" she allegedly shares with Scott Bogue. In Arizona, however, marital
18 property rights are governed by the state of marital domicile. The Bogues are residents of
19 North Carolina, a non-community property state in which each spouse's earnings are its
20 own and each spouse is not liable for the debts, obligations, torts or criminal acts of the
21 other. There is no marital community that could be liable. Furthermore, other provisions
22 of North Carolina law, including the North Carolina Constitution, protect Mrs. Bogue
23 from liability for Mr. Bogue's debts, obligations and engagements.

24 Additionally, Mrs. Bogue requests an award of costs and attorneys' fees to sanction
25 the Division, because the Division's claim against Mrs. Bogue clearly lacks merit, its
26 fallacious nature has been pointed out to the Division's counsel on numerous occasions, and
27 Division counsel, despite numerous invitations to do so, has not bothered to substantively
28 respond to Mrs. Bogue's position that she is not an appropriate party. The Division's silence
is deafening. One gets the impression, perhaps wrongly (but if so, the Division can certainly

1 so state), that the Division might regard Mrs. Bogue's inclusion as providing the Division
2 with some sort of bargaining chip for future discussions.

3 The following Memorandum of Points and Authorities as well as a Separate
4 Statement of Facts supports this Motion for Summary Judgment.
5

6 **MEMORANDUM OF POINTS & AUTHORITIES**
7

8 **I. FACTUAL AND PROCEDURAL BACKGROUND**
9

10 **A. The Pertinent Parties**

11 The Securities Division ("the Division") of the Arizona Corporation Commission
12 ("the Commission") filed an administrative action against, amongst others, Scotty Renny
13 Bogue, Sr., and Arlene Jane Bogue (SOF 1). Mr. Bogue is a resident of the state of North
14 Carolina (SOF 2). Mrs. Bogue is also a resident of the state of North Carolina (SOF 3).

15 **B. Procedural Background**

16 On September 5, 2006, the Commission filed a "Notice of Opportunity for
17 Hearing Regarding Proposed Order to Cease and Desist, Order for Restitution, Order for
18 Administrative Penalties and for Other Affirmative Action" (SOF 4). The Commission
19 did not allege that Mrs. Bogue "engaged in acts, practices and transactions, which
20 constitute[d] violations off the Securities Act of Arizona, A.R.S. § 44-1081 *et seq.*" (SOF
21 5). Rather, the Commission pled that it joined Mrs. Bogue in this action "solely for
22 purposes of determining the liability of the marital community." (SOF 6). The
23 Commission's Notice makes no mention of Mrs. Bogue, except in paragraph 4, in which
24 it pled that Mrs. Bogue is Mr. Bogue's wife and that it joined Mrs. Bogue solely to
25 determine the liability of the marital community (SOF 7).
26

27 On September 12, 2006, the Bogues filed a Request for Hearing (SOF 8). On
28 October 31, 2006, the Bogues filed a Response to the Notice (SOF 9). On February 15,

1 2007, the parties participated in a Status Conference (SOF 10). A second Status
2 Conference is scheduled for March 22, 2007 (SOF 11).

3 **II. LEGAL ARGUMENT**

4 **A. Summary Judgment Standards**

5 Summary judgment “shall be rendered forthwith if...there is no genuine issue as to
6 any material fact and [] the moving party is entitled to judgment as a matter of law.” Ariz.
7 R. Civ. P. 56(c)(1) 2006); A.A.C. R14-3-101(A) (2007);¹ R14-3-106(K) (2007).² Here,
8 there are no issues of material fact, because the Commission pled the Bogues are
9 residents of North Carolina and it joined Mrs. Bogue in this action “solely for purposes of
10 determining the liability of the marital community.” (SOF 6). Furthermore, the non-
11 existence, much less the extent of the liability, of the Bogue’s marital community makes
12 Mrs. Bogue entitled to judgment as a matter of law. Accordingly, summary judgment is
13 especially appropriate here.
14

15 **B. In Arizona, the Laws of the Marital Domicile Govern Marital Property** 16 **Rights.**

17 In Arizona, the law of the couple’s matrimonial domicile governs marital property
18 rights. *See Lorenz-Auxier Financial Group v. Bidewell*, 160 Ariz. 218, 221, 772 P.2d 41,
19 44 (1989). The matrimonial domicile of a couple is their place of domicile during
20 marriage. *See Stephen v. Stephen*, 36 Ariz. 235, 284 P. 158 (1930). Whether property
21 acquired during marriage is community property or separate property of one spouse
22 subject to the other’s interests is decided by the state of matrimonial domicile. *See*
23 *Phoenix Arbor Plaza, Ltd. v. Dauderman*, 163 Ariz. 27, 30, 785 P.2d 1215, 1218 (App.
24

25 ¹ A.A.C. R14-3-101(A) states, “In all cases in which procedure is set forth neither by law, nor by these
26 rules, nor by regulations or order of the Commission, the Rules of Civil Procedure for the Superior Court
of Arizona as established by the Supreme Court of the state of Arizona shall govern.”

27 ² A.A.C. R14-3-106(K) states, “Motions shall conform insofar as practicable with the Rules of Civil
28 Procedure for the Superior Court of the state of Arizona.”

1 1989). Here, the Bogues are domiciled in North Carolina, a non-community property
2 state. *See Smith v. Smith*, 120 S.E.2d 575, 579 (N.C. 1961) (SOF 2, 3). Accordingly, the
3 question of whether the Commission may satisfy any fines or penalties that may be levied
4 upon Mr. Bogue against any alleged marital community of the Bogues is resolved
5 according to the laws of North Carolina. *See Bidewell*, 160 Ariz. at 220, 772 P.2d 41, 43.
6

7 **C. North Carolina is a Non-Community Property State in which Mrs.**
8 **Bogue's Property is Separate and there is no Marital Community**
9 **Liable for the Alleged Actions of Mr. Bogue.**

10 North Carolina is not a community property state. *See Smith*, 120 S.E.2d at 579.
11 In North Carolina, "[t]he earnings of a married person by virtue of any contract for his or
12 her personal service...shall be his or her sole and separate property." N.C. Gen. Stat. §
13 52-4 (2007). Furthermore, in North Carolina, "[n]o married person shall be liable for
14 damages accruing from any tort committed by his or her spouse, or for any costs or fines
15 incurred in any criminal proceeding against such spouse." N.C. Gen. Stat. § 52-12
16 (2007). In short, there is no marital community in North Carolina. Thus, there is no
17 "liability of the marital community" here (SOF 6).

18 Other provisions of North Carolina also protect Mrs. Bogue's separate property.
19 Article X, § 4 of the North Carolina Constitution insulates Mrs. Bogue from the "debts,
20 obligations, or engagements" or Mr. Bogue:

21 The real and personal property of any female in this State acquired before
22 the marriage, and all property, real and personal, to which she may, after
23 marriage, become in any manner entitled, shall be and remain the sole and
separate estate and property of such female, and shall not be liable for any
debts, obligations, or engagements of her husband....

24 Additionally, North Carolina General Statute § 52-1 provides further protection to Mrs.
25 Bogue:

26 The real and personal property of any married person in this State, acquired
27 before marriage or to which he or she may after marriage become in any
28 manner entitled, shall be and remain the sole and separate estate and
property of such married person and may be devised, bequeathed and

1 conveyed by such married person subject to G.S. 50-20 and such other
2 regulations and limitations as the General Assembly may prescribe.

3 Accordingly, under the controlling law of the marital domicile, there is no "liability of the
4 marital community." (SOF 6).

5 **E. Sanctions**


6 Mrs. Bogue requests an award of costs, attorneys' fees and all other just and proper
7 relief. The Commission's claim against Mrs. Bogue lacks merit and Mrs. Bogue explained
8 to the Commission that North Carolina is a non-community property state, but the
9 Commission has refused to dismiss Mrs. Bogue without any substantive explanation

10 **III. CONCLUSION**

11 The Commission joined Mrs. Bogue solely for purposes of determining the
12 liability of the marital community." (SOF 6). However, under the controlling law of
13 North Carolina, the marital domicile, the property of Mr. and Mrs. Bogue is separate, so
14 there is no marital community that could be liable. Accordingly, Mrs. Bogue moves for
15 summary judgment on all claims against her.

16 DATED this 21st day of March, 2007.

17
18 HARPER, CHRISTIAN, DICHTER & GRAIF, P.C.

19 By 
20 Stephen M. Dichter
21 Nathan D. Meyer
22 2700 North Central Avenue, Suite 1200
23 Phoenix, Arizona 85004

24 Attorneys for Scott and Arlene Bogue and Trend
25 Management Group, Inc.

26 **ORIGINAL** and thirteen copies
27 of the foregoing hand-delivered this
28 21 day of March, 2007, with:

26 Docket Control
27 Arizona Corporation Commission
28 1200 W. Washington
Phoenix, Arizona 85007

CERTIFICATE OF SERVICE

I hereby certify that I have, this 21 day of March, 2007, served the foregoing document on all parties of record in this proceeding by mailing a copy thereof, properly addressed with first class postage prepaid, to:

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Hearing Division
Arizona Corporation Commission
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Phoenix, Arizona 85007

Michelle Allen, Esq.
Securities Division
Arizona Corporation Commission
1300 West Washington Street, 3rd Floor
Phoenix, Arizona 85007-2996

Ashley Adams-Feldman
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Scottsdale, AZ 85260
Attorneys for Ryan Herndon and Trend Capital

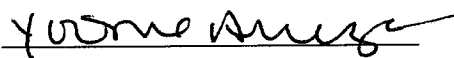
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Attorney for Lori Jordan

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Frank R. Mead
2 Tiffany & Bosco, P.A.
3 2525 East Camelback Road, Third Floor
Phoenix, AZ 85016
4 Attorneys for Scot and Lori Oglesby

5 Ryan W. Anderson
6 Guttilla & Murphy
4150 W. Northern Avenue
7 Phoenix, Arizona 85051
8 Attorney for Receiver in the
Superior Court Action
9

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8 Attorneys for Defendants Bogue Trend Management

9
10 **BEFORE THE ARIZONA CORPORATION COMMISSION**

11 COMMISSIONERS

12 JEFF HATCH-MILLER, Chairman
13 WILLIAM A. MUNDELL
14 MIKE GLEASON
15 KRISTIN K. MAYES
16 BARRY WONG

17 In the matter of:

18 Trend Management Group., Inc., a Nevada
19 corporation
20 8601 Six Forks Road, Suite 400
21 Raleigh, NC 27615

22 Scott Renny Bogue, Sr. (DRD #1588216) and
23 Arlene Jane Bogue, husband and wife
24 12308 Camberwell Court
25 Raleigh, NC 27614

26 Ryan James Herndon and Lori Darlene
27 Herndon
28 (a.k.a. Lori J. Herndon a.k.a. Lori Jordan,
husband and wife
609 East Silverwood Drive
Phoenix, AZ 85048

Trend Capital, LLC, an Arizona limited
liability company
4025 East Chandler Blvd., Suite 70F15
Phoenix, AZ 85048
Linda Bryant Jordan (a.k.a. Linda Van

DOCKET No. S-20476A-06-0557

**SEPARATE STATEMENT OF
FACTS IN SUPPORT OF
MOTION FOR SUMMARY
JUDGMENT RE ARLENE
BOGUE**

1 Vranken a.k.a. Linda Jordan-Van Vranken), a
2 married person, individually and doing
3 business as The Trend Group, Inc.
3641 East Park Avenue
Phoenix, AZ 85044

4
5 Russell Langdon Van Vranken, husband of
Linda Bryant Jordan
6 3641 East Park Avenue
Phoenix, AZ 85044

7
8 Easy Street Financial Group, Inc., an Arizona
corporation
9 9949 West Bell Road, #202
10 Sun City, AZ 85371

11 Pursuant to A.A.C. R14-3-101(A), R14-3-106(K), and A.R.C.P. 56(c)(2),
12 Respondent Arlene Bogue files this Separate Statement of Facts in Support of her Motion
13 for Summary Judgment.

14
15 **A. The Pertinent Parties**

16 1. The Securities Division ("the Division") of the Arizona Corporation
17 Commission ("the Commission") filed an administrative action against, amongst others,
18 Scotty Renny Bogue, Sr., and Arlene Jane Bogue. *See* Exh. 1, Notice (9/5/06).

19 2. Mr. Bogue is a resident of the state of North Carolina. *Id.* ¶ 3.

20 3. Mrs. Bogue is also a resident of the state of North Carolina. *Id.* ¶ 4.

21 **B. Procedural Background**

22 4. On September 5, 2006, the Commission filed a "Notice of
23 Opportunity for Hearing Regarding Proposed Order to Cease and Desist, Order for
24 Restitution, Order for Administrative Penalties and for Other Affirmative Action" against
25 Mr. and Mrs. Bogue. *See generally* Notice (9/5/06).
26
27
28

5. The Commission did not allege that Mrs. Bogue “engaged in acts, practices and transactions, which constitute[d] violations off the Securities Act of Arizona, A.R.S. § 44-1081 *et seq.*” See Notice at 1.

6. The Commission pled that it joined Mrs. Bogue in this action “solely for purposes of determining the liability of the marital community.” *Id.* ¶ 4.

7. The Commission's Notice makes no mention of Mrs. Bogue, except in paragraph 4, in which it pled that Mrs. Bogue is Mr. Bogue's wife and that it joined Mrs. Bogue solely to determine the liability of the marital community.

8. On September 12, 2006, the Bogues filed a Request for Hearing.

9. On October 31, 2006, the Bogues filed a Response to the Notice.

10. On February 15, 2007, the parties participated in a Status Conference.

11. A second Status Conference is scheduled for March 22, 2007.

DATED this 21st day of March, 2007.

HARPER, CHRISTIAN, DICHTER & GRAIF, P.C.

By

Stephen M. Dichter

Nathan D. Meyer

2700 North Central Avenue, Suite 1200

Phoenix, Arizona 85004

Attorneys for Scott and Arlene Bogue and Trend Management Group, Inc.

ORIGINAL and thirteen copies
of the foregoing hand-delivered this
21 day of March, 2007, with:

Docket Control
Arizona Corporation Commission
1200 W. Washington
Phoenix, Arizona 85007

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Hon. Marc E. Stern
Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

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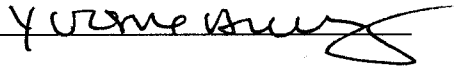
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4 2525 East Camelback Road, Third Floor
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6 Attorneys for Scot and Lori Oglesby

7 Ryan W. Anderson
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10 Phoenix, Arizona 85051
11 Attorney for Receiver in the
12 Superior Court Action

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SEP 7 2006

Harper, Christian, Dichter
& Graff, P.C.

BEFORE THE ARIZONA CORPORATION COMMISSION

2006 SEP -5 P 4: 46

COMMISSIONERS

JEFF HATCH-MILLER, Chairman
WILLIAM A. MUNDELL
MIKE GLEASON
KRISTIN K. MAYES
BARRY WONG

AZ CORP COMMISSION
DOCUMENT CONTROL

In the matter of:

DOCKET NO. S-20476A-06-0557

Trend Management Group, Inc., a Nevada
corporation
8601 Six Forks Road, Suite 400
Raleigh, NC 27615

**NOTICE OF OPPORTUNITY FOR
HEARING REGARDING PROPOSED
ORDER TO CEASE AND DESIST,
ORDER FOR RESTITUTION, ORDER
FOR ADMINISTRATIVE PENALTIES
AND FOR OTHER AFFIRMATIVE
ACTION**

Scott Renny Bogue, Sr. (CRD# 1588216) and
Arlene Jane Bogue, husband and wife
12308 Camberwell Court
Raleigh, NC 27614

Ryan James Herndon and Lori Darlene Herndon
(a.k.a. Lori J. Herndon a.k.a. Lori Jordan),
husband and wife
609 East Silverwood Drive
Phoenix, AZ 85048

Trend Capital, LLC, an Arizona limited liability
company
4025 East Chandler Blvd. Suite 70F15
Phoenix, AZ 85048

Linda Bryant Jordan (a.k.a. Linda Van Vranken
a.k.a. Linda Jordan-Van Vranken), a married
person, individually and doing business as
The Trend Group, Inc.
3641 East Park Avenue
Phoenix, AZ 85044

Russell Langdon Van Vranken, husband of Linda
Bryant Jordan
3641 East Park Avenue
Phoenix, AZ 85044

Easy Street Financial Group, Inc., an Arizona
corporation
9949 West Bell Road #202
Sun City, AZ 85371

Item Docket For SMD

Docketed By YCA

Christopher Ellis Marx (CRD# 2186523) and Jane)
Doe Marx, husband and wife,)
6623 West Desert Hollow Drive)
Glendale, AZ 85310)
Scot Alan Oglesby and Lori Ann Oglesby,)
husband and wife,)
36322 North 12th Avenue)
Desert Hills, AZ 85086)
Respondents.)

NOTICE: EACH RESPONDENT HAS 10 DAYS TO REQUEST A HEARING
EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that TREND MANAGEMENT GROUP, INC., SCOTT RENNY BOGUE, SR., RYAN JAMES HERNDON, TREND CAPITAL, LLC, LINDA BRYANT JORDAN (A.K.A. LINDA VAN VRANKEN A.K.A. LINDA JORDAN-VAN VRANKEN) individually and doing business as THE TREND GROUP, INC., EASY STREET FINANCIAL GROUP, INC., CHRISTOPHER ELLIS MARX and SCOT ALAN OGLESBY have engaged in acts, practices and transactions, which constitute violations of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act").

I. JURISDICTION

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution, and the Securities Act.

II. RESPONDENTS

2. TREND MANAGEMENT GROUP, INC. is a Nevada corporation with a business address of 8601 Six Forks Road, Suite 400, Raleigh, NC 27615.

3. SCOTT RENNY BOGUE, SR., an individual, is a resident of the state of North Carolina, whose residential address is 12308 Camberwell Court, Raleigh, NC 27614.

1 4. ARLENE JANE BOGUE was at all relevant times the spouse of SCOTT RENNY BOGUE,
2 SR. ARLENE JANE BOGUE is joined in this action under A.R.S. § 44-2031(C) solely for purposes
3 of determining the liability of the marital community. At all times relevant, SCOTT RENNY
4 BOGUE, SR. and ARLENE JANE BOGUE were acting for their own benefit, and for the benefit or
5 in furtherance of the marital community.

6 5. RYAN JAMES HERNDON, an individual, is a resident of the state of Arizona, whose
7 residential address is 609 East Silverwood Drive, Phoenix, AZ 85048.

8 6. LORI DARLENE HERNDON (A.K.A. LORI J. HERNDON A.K.A. LORI JORDAN)
9 was at all relevant times the spouse of RYAN JAMES HERNDON. LORI DARLENE HERNDON
10 (A.K.A. LORI J. HERNDON A.K.A. LORI JORDAN) is joined in this action under A.R.S. § 44-
11 2031(C) solely for purposes of determining the liability of the marital community. At all times
12 relevant, RYAN JAMES HERNDON and LORI DARLENE HERNDON (A.K.A. LORI J.
13 HERNDON A.K.A. LORI JORDAN) were acting for their own benefit, and for the benefit or in
14 furtherance of the marital community.

15 7. TREND CAPITAL, LLC is an Arizona limited liability company with a business address of
16 4025 East Chandler Blvd. Suite 70F15, Phoenix, AZ 85048.

17 8. LINDA BRYANT JORDAN (A.K.A. LINDA VAN VRANKEN A.K.A. LINDA
18 JORDAN-VAN VRANKEN), an individual, is a resident of the state of Arizona. Her residential
19 address is 3641 East Park Avenue, Phoenix, AZ 85044.

20 9. LINDA BRYANT JORDAN (A.K.A. LINDA VAN VRANKEN A.K.A. LINDA JORDAN-
21 VAN VRANKEN) has transacted business under the name THE TREND GROUP, INC. with a last
22 known business address of 9180 S. Kyrene, Suite 112, Tempe, AZ 85044. THE TREND GROUP,
23 INC. made an initial application to register as a corporation in the state of Nevada on or about June
24 22, 2005; however, the corporation was never organized and is currently in default of the
25 application process.
26

1 10. RUSSELL LANGDON VAN VRANKEN was at all relevant times the spouse of LINDA
2 BRYANT JORDAN (A.K.A. LINDA VAN VRANKEN A.K.A. LINDA JORDAN-VAN
3 VRANKEN). RUSSELL LANGDON VAN VRANKEN is joined in this action under A.R.S. §
4 44-2031(C) solely for purposes of determining the liability of the marital community. At all times
5 relevant, LINDA BRYANT JORDAN (A.K.A. LINDA VAN VRANKEN A.K.A. LINDA
6 JORDAN-VAN VRANKEN) and RUSSELL LANGDON VAN VRANKEN were acting for their
7 own benefit, and for the benefit or in furtherance of the marital community.

8 11. EASY STREET FINANCIAL GROUP, INC. is an Arizona corporation with a last known
9 business address of 9949 West Bell Road #202, Sun City, AZ 85371.

10 12. CHRISTOPHER ELLIS MARX, an individual, is a resident of the state of Arizona. His last
11 known address is 6623 West Desert Hollow Drive, Glendale, AZ 85310.

12 13. JANE DOE MARX was at all relevant times the spouse of CHRISTOPHER ELLIS
13 MARX. JANE DOE MARX is a fictitious name used to describe any person married to
14 CHRISTOPHER ELLIS MARX. JANE DOE MARX is joined in this action under A.R.S. § 44-
15 2031(C) solely for purposes of determining the liability of the marital community. At all times
16 relevant, CHRISTOPHER ELLIS MARX and JANE DOE MARX were acting for their own
17 benefit, and for the benefit or in furtherance of the marital community.

18 14. SCOT ALAN OGLESBY, an individual, is a resident of the state of Arizona. His residential
19 address is 36322 North 12th Avenue, Desert Hills, AZ 85086.

20 15. LORI ANN OGLESBY was at all relevant times the spouse of SCOT ALAN OGLESBY.
21 LORI ANN OGLESBY is joined in this action under A.R.S. § 44-2031(C) solely for purposes of
22 determining the liability of the marital community. At all times relevant, SCOT ALAN OGLESBY
23 and LORI ANN OGLESBY were acting for their own benefit, and for the benefit or in furtherance
24 of the marital community.

1 16. TREND MANAGEMENT GROUP, INC., TREND CAPITAL, LLC, LINDA BRYANT
2 JORDAN (A.K.A. LINDA VAN VRANKEN A.K.A. LINDA JORDAN-VAN VRANKEN)
3 doing business as THE TREND GROUP, INC., and EASY STREET FINANCIAL GROUP, INC.
4 may be collectively referred to as "RESPONDENT ENTITIES."

5 17. SCOTT RENNY BOGUE, SR., RYAN JAMES HERNDON, LINDA BRYANT JORDAN
6 (A.K.A. LINDA VAN VRANKEN A.K.A. LINDA JORDAN-VAN VRANKEN),
7 CHRISTOPHER ELLIS MARX, and SCOT ALAN OGLESBY may be collectively referred to as
8 "RESPONDENTS."

9 18. ARLENE JANE BOGUE, LORI DARLENE HERNDON (A.K.A. LORI J. HERNDON
10 A.K.A. LORI JORDAN), JANE DOE MARX, LORI ANN OGLESBY, and RUSSELL
11 LANGDON VAN VRANKEN may be collectively referred to as "RESPONDENT SPOUSES."

12 III. FACTS

13 A. OVERVIEW OF TREND SECURITIES OFFERINGS

14 19. TREND MANAGEMENT GROUP, INC. ("TREND MANAGEMENT") was purportedly
15 formed in 2001 to engage in the business of purchasing, managing, servicing and selling distressed
16 consumer receivables. Distressed consumer receivables are the unpaid debts of individuals that are
17 owed to banks, finance companies and other credit providers.

18 20. Beginning in approximately 2001, TREND MANAGEMENT began offering and selling
19 securities in the form of preferred stock to the public. Through three separate private placement
20 memoranda dated in 2001, 2002 and 2003 TREND MANAGEMENT attempted to raise
21 \$10,000,000 through the sale of its preferred shares at an offering price of \$1.00 per share.
22 According to the private placement memoranda, the preferred shares were to be offered for sale to
23 accredited investors only in the States of Arizona, California and North Carolina. During the
24 relevant time period, approximately 28 individual investors purchased approximately \$1,000,000 of
25 preferred shares in TREND MANAGEMENT. During all relevant times, SCOTT RENNY
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1 BOGUE, SR. ("BOGUE") and RYAN JAMES HERNDON ("HERNDON") were reflected as
2 officers, directors and shareholders of TREND MANAGEMENT.

3 21. Beginning in late 2003, BOGUE and HERNDON created a scheme to begin raising money
4 from the public to finance the operations of TREND MANAGEMENT. Documents received by
5 investors indicated the investors were offered and sold either (i) a "membership" in TREND
6 CAPITAL, LLC ("TREND CAPITAL") through the purchase of "certificates of participation" or (ii)
7 "debt receivables" purchased by the investor and serviced through TREND CAPITAL (collectively,
8 the "TREND CAPITAL Certificates of Participation"). The TREND CAPITAL Certificates of
9 Participation were securities in the form of an investment contract and/or a participation in a profit
10 sharing arrangement and/or an evidence of indebtedness.

11 22. The TREND CAPITAL Certificates of Participation were sold primarily through licensed
12 insurance agents using a "bait and switch" operation run by EASY STREET FINANCIAL GROUP,
13 INC. ("EASY STREET"), CHRISTOPHER ELLIS MARX ("MARX"), and SCOT ALAN
14 OGLESBY ("OGLESBY"). BOGUE and HERNDON informed MARX, OGLESBY and other
15 EASY STREET salespeople that the TREND CAPITAL Certificates of Participation were not
16 securities and that the salespeople did not need a securities license to sell the investment. BOGUE
17 informed EASY STREET salespeople, including MARX and OGLESBY, that the TREND
18 CAPITAL Certificates of Participation were broken down into smaller, divided interests for them to
19 sell, and therefore the preferred stock sold by TREND MANAGEMENT lost its character as a
20 security.

21 23. Between approximately January 5, 2004 and September 30, 2005, TREND
22 MANAGEMENT, TREND CAPITAL and EASY STREET raised in excess of \$8,900,000.00 from
23 over 300 investors, the majority of which are Arizona residents, by selling the TREND CAPITAL
24 Certificates of Participation. The investors in the TREND CAPITAL Certificates of Participation
25 were largely unaccredited and unsophisticated. Many of the investors were elderly.

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1 24. The majority of funds raised from the sale of the TREND CAPITAL Certificates of
2 Participation were transferred directly or indirectly from TREND CAPITAL to the control of
3 TREND MANAGEMENT purportedly to be used to finance TREND MANAGEMENT'S business
4 of purchasing, managing, servicing and selling distressed consumer receivables. As a result of the
5 transfer of the investors' funds to the control of TREND MANAGEMENT, TREND CAPITAL was
6 reflected as the largest holder of TREND MANAGEMENT'S preferred stock.

7 25. BOGUE and HERNDON were aided and abetted by LINDA BRYANT JORDAN (A.K.A.
8 LINDA VAN VRANKEN A.K.A. LINDA JORDAN-VAN VRANKEN) ("JORDAN") who did
9 business under the name THE TREND GROUP, INC. ("TREND GROUP"). Bank accounts were
10 opened under the name of TREND GROUP and facilitated the business operations of TREND
11 CAPITAL by handling investor funds and paying business expenses.

12 **B. TREND MANAGEMENT GROUP, INC.**

13 26. TREND MANAGEMENT GROUP, INC. ("TREND MANAGEMENT") is doing business
14 in the state of Arizona. TREND MANAGEMENT made application to transact business as a foreign
15 corporation with the state of Arizona, domiciled in Nevada, on or about February 1, 2001. TREND
16 MANAGEMENT was organized as a corporation under the laws of the state of Nevada on or about
17 February 5, 2001.

18 27. TREND MANAGEMENT is not registered to sell securities in the state of Arizona.

19 28. BOGUE is an individual who is the President and CEO of TREND MANAGEMENT
20 according to corporation documents filed in the state of Nevada and the state of Arizona.

21 29. TREND MANAGEMENT'S June 1, 2001 Private Placement Memorandum ("PPM #1")
22 reflects that BOGUE was the Chief Executive Officer ("CEO") and Director of TREND
23 MANAGEMENT and held 34% of TREND MANGEMENT'S common stock. PPM #1 reflects that
24 BOGUE would draw an annual salary and bonus as CEO and Director of TREND
25 MANAGEMENT.

1 30. TREND MANAGMENT'S June 1, 2002 Private Placement Memorandum ("PPM #2")
2 reflects that BOGUE was the President of TREND MANAGEMENT and held 34% of TREND
3 MANAGEMENT'S common stock. PPM #2 reflects that BOGUE would draw an annual salary as
4 President of TREND MANAGEMENT.

5 31. TREND MANAGEMENT'S July 20, 2003 Private Placement Memorandum ("PPM #3")
6 reflects that BOGUE is the President and Treasurer of TREND MANAGEMENT and holds 50% of
7 TREND MANAGEMENT'S issued common stock. PPM #3 reflects that BOGUE draws an annual
8 salary and annual bonus as President and Treasurer of TREND MANAGEMENT.

9 32. RYAN JAMES HERNDON ("HERNDON") is an individual who is the Secretary of
10 TREND MANAGEMENT according to the records of the Arizona Corporation Commission,
11 Corporations Division.

12 33. PPM #1 reflects that HERNDON was the President and Director of TREND
13 MANAGEMENT and held 33% of TREND MANGEMENT'S common stock. PPM #1 reflects that
14 HERNDON would draw an annual salary and bonus as President and Director of TREND
15 MANAGEMENT.

16 34. PPM #2 reflects that HERNDON was the Vice President and Secretary of TREND
17 MANAGEMENT and held 33% of TREND MANAGEMENT'S common stock. PPM #2 reflects
18 that HERNDON would draw an annual salary and bonus as Vice President and Secretary of TREND
19 MANAGEMENT.

20 35. PPM #3 reflects that HERNDON is the Vice President and Secretary of TREND
21 MANAGEMENT and holds 50% of TREND MANAGEMENT'S common stock. PPM #3 reflects
22 that HERNDON draws an annual salary and bonus as Vice President and Secretary of TREND
23 MANAGEMENT.

24 36. Beginning on or about September 24, 2001 until on or about September 29, 2004, TREND
25 MANAGEMENT sold shares of its A and B preferred stock to individuals.

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1 37. TREND MANAGEMENT preferred stock was issued to approximately 28 individual
2 investors.

3 38. Individual investors paid TREND MANAGEMENT approximately \$1,000,000.00.
4 Approximately ten (10) of the twenty-eight (28) individual investors are Arizona residents.

5 39. TREND MANAGEMENT represented to investors that the TREND MANAGEMENT'S
6 stock was a security that was exempt from registration. That representation is false.

7 40. TREND MANAGEMENT issued a personal loan to BOGUE in the amount of \$100,000.00
8 on or about September 29, 2004. TREND MANAGEMENT issued a personal loan to HERNDON in
9 the amount of \$100,000.00 on or about May 18, 2005. TREND MANAGEMENT, BOGUE and
10 HERNDON failed to disclose to investors that TREND MANAGEMENT would use investor funds
11 to make personal loans to BOGUE and HERNDON.

12 41. TREND MANAGEMENT paid sales commissions of approximately 5% to approximately
13 five sales agents for the sale of TREND MANAGEMENT stock. Those sales agents include, but are
14 not limited to, individuals in the States of Tennessee, Georgia, Arizona, and Florida.

15 42. TREND MANAGEMENT paid sales commissions of approximately 8% to TREND
16 CAPITAL for the sale of the TREND MANAGEMENT stock. TREND MANAGEMENT and
17 BOGUE knew and intended that the commissions paid to TREND CAPITAL were subsequently
18 being paid to EASY STREET for the sale of the TREND CAPITAL Certificates of Participation.

19 43. On January 25, 2001, the state of Pennsylvania entered an Order against BOGUE in
20 Commonwealth of Pennsylvania, Pennsylvania Securities Commission vs. Trend Invest, LP, JC
21 Partners, LLC, Scott R. Bogue, Linda L. Eberly, and David Brubaker for violating the registration
22 and anti-fraud provisions of the Pennsylvania Securities Act.

23 44. BOGUE is not currently registered to sell securities in the state of Arizona, nor was he
24 registered at any time relevant to this Notice. BOGUE has previously been registered to sell
25 securities in Arizona (CRD# 1588216) from June 6, 1988 to February 28, 1989, from July 14, 1989
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1 to September 23, 1989 and from January 24, 1991 to February 27, 1991. BOGUE applied for
2 salesman registration with the state of Arizona on June 3, 2003, but was not registered by the state of
3 Arizona.

4 **C. TREND CAPITAL, LLC**

5 45. TREND CAPITAL is doing business in the state of Arizona. TREND CAPITAL was
6 organized as a limited liability company under the laws of the state of Arizona on or about
7 September 10, 2003.

8 46. HERNDON is the only named managing member of TREND CAPITAL and the sole
9 member of TREND CAPITAL.

10 47. HERNDON is not registered to sell securities in the state of Arizona. TREND CAPITAL is
11 not registered to sell securities in the state of Arizona.

12 48. The majority (approximately 90%) of the TREND MANAGEMENT preferred stock was
13 issued to TREND CAPITAL. TREND CAPITAL paid TREND MANAGEMENT approximately
14 \$8,900,000.00. Upon information and belief, TREND CAPITAL held the TREND
15 MANAGEMENT preferred stock in its own business name and was the owner of record. TREND
16 CAPITAL raised the funds it used to purchase TREND MANAGEMENT preferred stock by selling
17 and issuing TREND CAPITAL Certificates of Participation to its investors.

18 49. Between on or about January 5, 2004 to on or about October 2005, TREND CAPITAL raised
19 over \$8,900,000.00 from investors through the sale of the TREND CAPITAL Certificates of
20 Participation. TREND CAPITAL issued the TREND CAPITAL Certificates of Participation to
21 approximately 310 investors. Of the 310 investors, approximately 247 investors are Arizona
22 residents.

23 50. TREND CAPITAL established bank accounts at US Bank which were the repository for
24 TREND CAPITAL Certificates of Participation investor money. Investors in the TREND CAPITAL
25 Certificates of Participation typically made out checks to Trend/US Bank.

1 51. TREND CAPITAL used sales agents to solicit investors in the TREND CAPITAL
2 Certificates of Participation. Those sales agents were usually licensed insurance producers, but were
3 not licensed to sell securities.

4 52. Investors in the TREND CAPITAL Certificates of Participation came from many sources –
5 those directly solicited by TREND CAPITAL, those solicited by other independent sales agents in
6 cities around the United States, and those solicited by EASY STREET.

7 53. The majority of the investors in the TREND CAPITAL Certificates of Participation were
8 garnered through EASY STREET. EASY STREET clients invested over \$8,400,000 in the TREND
9 CAPITAL Certificates of Participation.

10 **D. THE TREND GROUP, INC.**

11 54. THE TREND GROUP, INC. ("TREND GROUP") is doing business in the state of Arizona.
12 TREND GROUP attempted to register as a corporation in the State of Nevada on June 22, 2005, but
13 failed to follow through with incorporation requirements and is currently in default as of August 1,
14 2005.

15 55. TREND GROUP is not registered to sell securities in the state of Arizona.

16 56. In or about April 2005, JORDAN began doing business as TREND GROUP. The name of
17 TREND GROUP was purposely established to closely resemble the name of TREND CAPITAL,
18 which had the intended effect of leading investors to believe that the entities were the same entity or
19 a closely related entity.

20 57. During 2005, TREND GROUP and JORDAN opened bank accounts at US Bank. JORDAN
21 was the only account holder on the TREND GROUP bank accounts, and JORDAN was the only
22 signer on those accounts.

23 58. One of the US Bank TREND GROUP accounts was used to distribute funds to TREND
24 CAPITAL investors. Another one of the accounts was used, amongst other things, to deposit investor
25 money for TREND CAPITAL Certificates of Participation investments. That same account was the
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1 account that paid the business expenses of TREND CAPITAL, including salaries, office space rental,
2 office supplies, utilities, and office furniture.

3 59. The TREND GROUP account at US Bank received deposits from TREND
4 MANAGEMENT.

5 60. The written sales material presented to some investors included a brochure with the name
6 Trend Group. Correspondence to investors was sent out on Trend Group stationary, and sales agents
7 were given business cards with Linda Jordan's name as the Director of Client Services of The Trend
8 Group.

9 **E. EASY STREET FINANCIAL GROUP, INC.**

10 61. EASY STREET is doing business in the state of Arizona. EASY STREET filed as a
11 corporation with the state of Arizona on or about August 24, 2000.

12 62. EASY STREET is not registered to sell securities in the state of Arizona.

13 63. MARX is an individual who is the President of EASY STREET, a Director, and a
14 Shareholder from EASY STREET'S inception on August 24, 2000 until the present, according to the
15 records of the Arizona Corporation Commission, Corporations Division. MARX has been the
16 Secretary and Treasurer of EASY STREET since December 31, 2001 until the present.

17 64. MARX has previously been registered to sell securities in the state of Arizona (CRD#
18 2186523) from October 20, 1992 to September 5, 1995. MARX is not currently registered to sell
19 securities in the state of Arizona, nor was he licensed to sell securities at any time relevant to this
20 instant Notice.

21 65. OGLESBY is an individual who was the Vice President of EASY STREET from August 24,
22 2000 until December 31, 2001, and then again from April 14, 2003 until September 1, 2005,
23 according to the records of the Arizona Corporation Commission, Corporations Division.
24 OGLESBY was also a Director and a Shareholder from August 24, 2000 until approximately
25 December 31, 2001. OGLESBY is not registered to sell securities in the state of Arizona.

1 66. In or about September 1999, EASY STREET began advertising high interest rate CD's in
2 local newspapers. Typically, when investors would arrive at the EASY STREET office, they would
3 meet with a salesperson who would offer them additional investment opportunities in insurance
4 products. After January 1, 2004, those additional investment opportunities included investing in the
5 TREND CAPITAL Certificates of Participation. Both EASY STREET and EASY STREET
6 salespeople would make a commission on the sale of the TREND CAPITAL Certificates of
7 Participation.

8 67. Upon information and belief, EASY STREET salespeople were licensed insurance producers
9 in the state of Arizona during the times relevant to this petition, including, but not limited to MARX
10 and OGLESBY.

11 68. EASY STREET's salespeople were not licensed securities salesmen during the times
12 relevant to this instant Notice, including, but not limited to MARX and OGLESBY.

13 69. By 2004, EASY STREET had expanded from its original office location in Carefree, Arizona
14 to six office locations in Scottsdale, Sun City, Tempe, Gilbert, Prescott, and Yuma. Further, EASY
15 STREET had opened offices in Nevada, California, Florida, and North Carolina.

16 70. EASY STREET filed as a foreign corporation with the state of Nevada on or about February
17 27, 2003 with MARX as the named President, Secretary and Treasurer. On November 24, 2004, the
18 State of Nevada, Office of the Secretary of State issued a Permanent Order In the Matter of Easy
19 Street Financial Group, Inc., Christopher E. Marx, and Scot Ogelsby, File No. 103-054, to cease and
20 desist from violating the Nevada Securities Laws.

21 71. On or about March 6, 2003, EASY STREET was filed as a foreign corporation in the state of
22 California.

23 72. On or about June 4, 2004, EASY STREET filed as a foreign corporation in the state of
24 Florida, with MARX as the named President and OGELSBY as the named Vice President.

1 73. On or about April 27, 2004 EASY STREET filed as foreign corporation in the State of North
2 Carolina. According to EASY STREET'S application, MARX is listed as the corporation's
3 President. BOGUE is listed as an Officer of EASY STREET, as well as the Registered Agent. Upon
4 information and belief, BOGUE was intimately familiar with EASY STREET's business operations.
5 As of the filing of this instant Notice, EASY STREET is recognized in the state of North Carolina as
6 a current and active corporation. The mailing address for EASY STREET in North Carolina is the
7 same address as TREND MANAGEMENT.

8 **(1) Beginning of the Easy Street/Trend Capital/Trend Management Relationship**

9 74. In 2003, EASY STREET, MARX, and OGELSBY developed a relationship with BOGUE
10 and HERNDON. BOGUE and HERNDON, through their company TREND MANGEMENT, were
11 seeking outlets to sell investments in its preferred stock.

12 75. In late 2003, HERNDON met with EASY STREET representatives MARX and OGELSBY
13 and assured them that a securities license was not necessary in order to sell The TREND CAPITAL
14 Certificates of Participation. Shortly thereafter, OGELSBY received that same assurance from
15 BOGUE.

16 76. Upon information and belief, no EASY STREET representative, including MARX and
17 OGLESBY, exercised any due diligence in any investigation regarding the legitimacy of the TREND
18 MANAGEMENT investment. Upon information and belief, no EASY STREET representative,
19 including MARX and OGELSBY, exercised any due diligence in any investigation regarding
20 BOGUE or HERNDON.

21 77. In late 2003, at a meeting with all EASY STREET salespeople, BOGUE presented the
22 TREND CAPITAL Certificates of Participation investment as a product to offer investors.
23 HERNDON, MARX, and OGELSBY were in attendance at the meeting. BOGUE advised the EASY
24 STREET salespeople that the TREND CAPITAL Certificates of Participation investment was not a
25 security and that the salespeople did not need a securities license to sell the investment. EASY
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1 STREET salespeople were told that the TREND CAPITAL Certificates of Participation investment
2 was broken down into smaller, divided interests for them to sell, and therefore the preferred stock
3 lost its character as a security.

4 **(2) SECURITIES SALES BY EASY STREET**

5 78. EASY STREET, MARX and OGLESBY sold the TREND CAPITAL Certificates of
6 Participation beginning at least as early as January 5, 2004 until at least October 7, 2004.

7 79. EASY STREET salespeople, including MARX and OGLESBY, offered the TREND
8 CAPITAL Certificates of Participation investment to individuals, when an investor would respond to
9 a high interest rate CD advertisement.

10 80. EASY STREET salespeople failed to make a distinction between the business entities of
11 TREND MANAGEMENT, TREND CAPITAL and TREND GROUP. EASY STREET salespeople
12 told some investors that the investment was with a debt collection agency called Trend.

13 81. The written sales material presented to some investors included a brochure with the name
14 "Trend Group."

15 82. EASY STREET salespeople failed to disclose the risk of investment in the Trend Capital
16 Certificates of Participation, including, but not limited to: reduced debt recovery margins, increased
17 costs to acquire consumer debt, limited ability to transfer the security, the illiquidity of the
18 investment, that TREND MANAGEMENT was a new company with limited resources, that
19 TREND CAPITAL was a new company with limited resources, that if debt recovery parameters
20 were inaccurate the company may not realize projected earnings, and that a weak economy could
21 adversely affect the entity's ability to recover consumer debt.

22 83. EASY STREET salespeople made untrue statements of material fact in indicating that the
23 investment in the TREND CAPITAL Certificates of Participation was guaranteed by US Bank.

24 84. Some EASY STREET clients who invested in the TREND CAPITAL Certificates of
25 Participation believed that that investment was actually a high interest rate CD.
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1 85. On April 3, 2003, the State of California, Department of Corporations issued an Order in the
2 matter of Damon George, Easy Street Financial Group, Inc. (California) Randall Keith Ward,
3 Christopher E. Marx, and Easy Street Financial Group, Inc. (Arizona) to desist and refrain from
4 offering securities in the form of certificates of deposit whose yield includes a bonus paid by a non-
5 FDIC insured entity (the "California Order"). EASY STREET failed to disclose the California Order
6 to investors.

7 **IV.**

8 **VIOLATION OF A.R.S. § 44-1841**

9 **(Offer or Sale of Unregistered Securities)**

10 86. From at least May 1, 2001 until at least November 1, 2004, TREND MANAGEMENT,
11 SCOTT RENNY BOGUE, SR. and RYAN JAMES HERNDON offered or sold securities in the
12 form of stock, within or from Arizona.

13 87. The securities referred to above were not registered pursuant to the provisions of Articles 6 or
14 7 of the Securities Act.

15 88. This conduct violates A.R.S. § 44-1841.

16 **V.**

17 **VIOLATION OF A.R.S. § 44-1841**

18 **(Offer or Sale of Unregistered Securities)**

19 89. From at least as early as September 9, 2003 until at least September 30, 2005, TREND
20 MANAGEMENT, TREND CAPITAL, SCOTT BOGUE and RYAN JAMES HERNDON offered
21 or sold securities in the form of an investment contract and/or a participation in a profit sharing
22 arrangement, and/or an evidence of indebtedness in TREND CAPITAL, LLC, within or from
23 Arizona.

24 90. The securities referred to above were not registered pursuant to the provisions of Articles 6 or
25 7 of the Securities Act.

1 91. This conduct violates A.R.S. § 44-1841.

2 **VI.**

3 **VIOLATION OF A.R.S. § 44-1841**

4 **(Offer or Sale of Unregistered Securities)**

5 92. From at least as early as January 5, 2004 until at least October 7, 2004, EASY STREET,
6 CHRISTOPHER ELLIS MARX and SCOT ALAN OGLESBY offered or sold securities in the form
7 of an investment contract and/or a participation in a profit sharing arrangement, and/or an evidence
8 of indebtedness in TREND CAPITAL, LLC, within or from Arizona.

9 93. The securities referred to above were not registered pursuant to the provisions of Articles 6 or
10 7 of the Securities Act.

11 94. This conduct violates A.R.S. § 44-1841.

12 **VII.**

13 **VIOLATION OF A.R.S. § 44-1841**

14 **(Offer or Sale of Unregistered Securities)**

15 95. Beginning in approximately February 2005 until at least September 30, 2005, LINDA
16 BRYANT JORDAN (A.K.A. LINDA VAN VRANKEN A.K.A. LINDA JORDAN-VAN
17 VRANKEN) individually and doing business as THE TREND GROUP, INC. offered or sold
18 securities in the form of an investment contract and/or a participation in a profit sharing arrangement,
19 and/or an evidence of indebtedness in TREND CAPITAL, LLC, within or from Arizona.

20 96. The securities referred to above were not registered pursuant to the provisions of Articles 6 or
21 7 of the Securities Act.

22 97. This conduct violates A.R.S. § 44-1841.

VIII.

VIOLATION OF A.R.S. § 44-1842

(Transactions by Unregistered Dealers or Salesmen)

98. From at least as early as May 1, 2001 until at least November 1, 2004, TREND MANAGEMENT, SCOTT RENNY BOGUE, SR. and RYAN JAMES HERNDON offered or sold securities in the form of stock within or from Arizona, while not registered as a dealer pursuant to the provisions of Article 9 of the Securities Act.

99. This conduct violates A.R.S. § 44-1842.

IX.

VIOLATION OF A.R.S. § 44-1842

(Transactions by Unregistered Dealers or Salesmen)

100. From at least as early as September 9, 2003 to at least until September 30, 2005, TREND CAPITAL, RYAN JAMES HERNDON, TREND MANAGEMENT, and SCOTT RENNY BOGUE, SR. offered or sold securities in the form of an investment contract and/or a participation in a profit sharing arrangement, and/or an evidence of indebtedness in TREND CAPITAL, LLC, within or from Arizona, while not registered as a dealer pursuant to the provisions of Article 9 of the Securities Act.

101. This conduct violates A.R.S. § 44-1842.

X.

VIOLATION OF A.R.S. § 44-1842

(Transactions by Unregistered Dealers or Salesmen)

102. From at least February 2005 until at least September 30, 2005, LINDA BRYANT JORDAN (A.K.A. LINDA VAN VRANKEN A.K.A. LINDA JORDAN-VAN VRANKEN) individually and doing business as THE TREND GROUP, INC., offered or sold securities within or

1 from Arizona, while not registered as a dealer pursuant to the provisions of Article 9 of the Securities
2 Act.

3 103. This conduct violates A.R.S. § 44-1842.

4 **XI.**

5 **VIOLATION OF A.R.S. § 44-1842**

6 **(Transactions by Unregistered Dealers or Salesmen)**

7 104. From at least as early as January 5, 2004 until at least October 7, 2004, EASY
8 STREET, CHRISTOPHER ELLIS MARX and SCOT ALAN OGLESBY offered or sold securities
9 within or from Arizona, while not registered as a dealer pursuant to the provisions of Article 9 of the
10 Securities Act.

11 105. This conduct violates A.R.S. § 44-1842.

12 **XII.**

13 **VIOLATION OF A.R.S. § 44-1991**

14 **(Fraud in Connection with the Offer or Sale of Securities)**

15 106. In connection with the offer or sale of securities within or from Arizona, TREND
16 MANAGEMENT GROUP and SCOTT RENNY BOGUE, SR. directly or indirectly: (i) employed a
17 device, scheme or artifice to defraud; (ii) made untrue statements of material fact or omitted to state
18 material facts which were necessary in order to make the statements made not misleading in light of
19 the circumstances under which they were made; and/or (iii) engaged in transactions, practices or
20 courses of business which operated or would operate as a fraud or deceit upon offerees and investors.
21 TREND MANAGEMENT GROUP and SCOTT RENNY BOGUE, SR.'s conduct includes, but is
22 not limited to, the following:

23 a) Falsely represented to EASY STREET salespeople that the TREND CAPITAL
24 Certificates of Participation investment was not a security and that the salespeople did not need a
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1 securities license to sell the investment and that the investment was broken down into smaller,
2 divided interests for them to sell, and therefore the preferred stock lost its character as a security.

3 b) Failed to disclose the Pennsylvania Order against SCOTT RENNY BOGUE, SR. to
4 TREND MANAGEMENT stock investors or to the salespeople selling the TREND CAPITAL
5 Certificates of Participation investments.

6 c) Falsely represented to investors that the TREND MANAGEMENT preferred stock
7 was a security that was exempt from registration.

8 d) Failed to disclose risks of investment including, but not limited to: reduced debt
9 recovery margins, increased costs to acquire consumer debt, limited ability to transfer the security,
10 the illiquidity of the investment, that TREND MANAGEMENT was a new company with limited
11 resources, that TREND CAPITAL was a new company with limited resources, that if debt recovery
12 parameters were inaccurate the company may not realize projected earnings, and that a weak
13 economy could adversely affect the entity's ability to recover consumer debt.

14 e) Failed to disclose to investors that some of the proceeds of the investments would be
15 used for a personal loan to RYAN JAMES HERNDON.

16 f) Failed to disclose to investors that some of the proceeds of the investments would be
17 used for a personal loan to SCOTT RENNY BOGUE, SR.

18 107. This conduct violates A.R.S. § 44-1991.

19 **XIII.**

20 **VIOLATION OF A.R.S. § 44-1991**

21 **(Fraud in Connection with the Offer or Sale of Securities)**

22 108. In connection with the offer or sale of securities within or from Arizona, TREND
23 CAPITAL and RYAN JAMES HERNDON directly or indirectly: (i) employed a device, scheme or
24 artifice to defraud; (ii) made untrue statements of material fact or omitted to state material facts
25 which were necessary in order to make the statements made not misleading in light of the
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1 circumstances under which they were made; and (iii) engaged in transactions, practices or courses of
2 business which operated or would operate as a fraud or deceit upon offerees and investors. TREND
3 CAPITAL and RYAN JAMES HERNDON'S conduct includes, but is not limited to, the
4 following:

5 a) Failed to disclose the Pennsylvania Order against SCOTT RENNY BOGUE, SR.

6 b) Failed to disclose to investors that some of the proceeds of the investments would be
7 used for a personal loan to RYAN JAMES HERNDON.

8 c) Failed to disclose risks of investment including, but not limited to: reduced debt
9 recovery margins, increased costs to acquire consumer debt, limited ability to transfer the security,
10 the illiquidity of the investment, that TREND MANAGEMENT was a new company with limited
11 resources, that TREND CAPITAL was a new company with limited resources, that if debt recovery
12 parameters were inaccurate the company may not realize projected earnings, and that a weak
13 economy could adversely affect the entity's ability to recover consumer debt.

14 d) Failed to disclose to investors that some of the proceeds of the investments would be
15 used for a personal loan to SCOTT RENNY BOGUE, SR.

16 e) Misrepresented to investors of the nature and character of the investment.

17 f) Failed to provide investors with financial information regarding TREND CAPITAL
18 or TREND MANAGEMENT.

19 109. This conduct violates A.R.S. § 44-1991.

20 **XIV.**

21 **VIOLATION OF A.R.S. § 44-1991**

22 **(Fraud in Connection with the Offer or Sale of Securities)**

23 110. In connection with the offer or sale of securities within or from Arizona, LINDA
24 BRYANT JORDAN (A.K.A. LINDA VAN VRANKEN A.K.A. LINDA JORDAN-VAN
25 VRANKEN) d/b/a as THE TREND GROUP, directly or indirectly: (i) employed a device, scheme or
26

artifice to defraud; (ii) made untrue statements of material fact or omitted to state material facts which were necessary in order to make the statements made not misleading in light of the circumstances under which they were made; and (iii) engaged in transactions, practices or courses of business which operated or would operate as a fraud or deceit upon offerees and investors. LINDA BRYANT JORDAN (A.K.A. LINDA VAN VRANKEN A.K.A. LINDA JORDAN-VAN VRANKEN) d/b/a THE TREND GROUP's conduct includes, but is not limited to, the following:

- a) Failed to disclose the Pennsylvania Order against SCOTT RENNY BOGUE, SR.
- b) Made false statements to investors regarding the security of their investment.
- c) Failed to disclose risks of investment including, but not limited to: reduced debt recovery margins, increased costs to acquire consumer debt, limited ability to transfer the security, the illiquidity of the investment, that TREND MANAGEMENT was a new company with limited resources, that TREND CAPITAL was a new company with limited resources, that if debt recovery parameters were inaccurate the company may not realize projected earnings, and that a weak economy could adversely affect the entity's ability to recover consumer debt.
- d) Failed to disclose to investors that some of the proceeds of the investments would be used for a personal loan to RYAN JAMES HERNDON.
- e) Failed to disclose to investors that some of the proceeds of the investments would be used for a personal loan to SCOTT RENNY BOGUE, SR.

111. This conduct violates A.R.S. § 44-1991.

XV.

VIOLATION OF A.R.S. § 44-1991

(Fraud in Connection with the Offer or Sale of Securities)

112. In connection with the offer or sale of securities within or from Arizona, EASY STREET, CHRISTOPHER ELLIS MARX and SCOT ALAN OGLESBY directly or indirectly: (i) employed a device, scheme or artifice to defraud; (ii) made untrue statements of material fact or

1 omitted to state material facts which were necessary in order to make the statements made not
2 misleading in light of the circumstances under which they were made; and/or (iii) engaged in
3 transactions, practices or courses of business which operated or would operate as a fraud or deceit
4 upon offerees and investors. EAST STREET, CHRISTOPHER ELLIS MARX and SCOT ALAN
5 OGLESBY'S conduct includes, but is not limited to, the following:

- 6 a) Failed to disclose the Pennsylvania Order against SCOTT RENNY BOGUE, SR.
- 7 b) Failed disclose the State of California's Order against MARX.
- 8 c) Failed to disclose the State of California's Order against EASY STREET.
- 9 d) Failed to disclose risk of loss of the investment to investors.
- 10 e) Failed to disclose lack of due diligence in investigation of TREND CAPITAL and
11 TREND MANAGEMENT.
- 12 f) Failed to provide investors with any financial information regarding TREND
13 CAPITAL or TREND MANAGEMENT.
- 14 g) Misrepresented to investors of the nature and character of the investment.
- 15 h) Failed to disclose risks of investment including, but not limited to: reduced debt
16 recovery margins, increased costs to acquire consumer debt, limited ability to transfer the security,
17 the illiquidity of the investment, that TREND MANAGEMENT was a new company with limited
18 resources, that TREND CAPITAL was a new company with limited resources, that if debt recovery
19 parameters were inaccurate the company may not realize projected earnings, and that a weak
20 economy could adversely affect the entity's ability to recover consumer debt.

21 113. This conduct violates A.R.S. § 44-1991.

22 114. SCOTT RENNY BOGUE, SR. directly or indirectly controlled persons and/or
23 entities within the meaning of A.R.S. § 44-1999, including but not limited to TREND
24 MANAGEMENT GROUP, INC. Therefore, SCOTT RENNY BOGUE, SR. is liable to the same
25 extent as the controlled entity for its violations of A.R.S. § 44-1991.

115. RYAN JAMES HERNDON directly or indirectly controlled persons and/or entities within the meaning of A.R.S. § 44-1999, including but not limited to TREND MANAGEMENT GROUP, INC. and TREND CAPITAL, LLC. Therefore, RYAN JAMES HERNDON is liable to the same extent as the controlled entities for their violations of A.R.S. § 44-1991.

116. CHRISTOPHER ELLIS MARX directly or indirectly controlled persons and/or entities within the meaning of A.R.S. § 44-1999, including but not limited to EASY STREET FINANCIAL GROUP, INC. Therefore, CHRISTOPHER ELLIS MARX is liable to the same extent as the controlled entity for its violations of A.R.S. § 44-1991.

117. SCOT ALAN OGLESBY directly or indirectly controlled persons and/or entities within the meaning of A.R.S. § 44-1999, including but not limited to EASY STREET FINANCIAL GROUP, INC. Therefore, SCOT ALAN OGLESBY is liable to the same extent as the controlled entity for its violations of A.R.S. § 44-1991.

118. RESPONDENT ENTITIES and RESPONDENTS made, participated in or induced the sale or purchase of a security within the meaning of A.R.S. §44-2003(A). Therefore, RESPONDENT ENTITIES and RESPONDENTS are jointly and severally liable for the above violations of A.R.S. §§ 44-1841, 44-1842, and 44-1991.

XVI.

REQUESTED RELIEF

The Division requests that the Commission grant the following relief against
RESPONDENT ENTITIES and RESPONDENTS:

1. Order RESPONDENT ENTITIES and RESPONDENTS to permanently cease and desist from violating the Securities Act, pursuant to A.R.S. § 44-2032;

2. Order RESPONDENT ENTITIES and RESPONDENTS to take affirmative action to correct the conditions resulting from their acts, practices or transactions, including a requirement to make restitution pursuant to A.R.S. § 44-2032;

1 3. Order RESPONDENT ENTITIES and RESPONDENTS to pay the state of Arizona
2 administrative penalties of up to five thousand dollars (\$5,000) for each violation of the Securities
3 Act, pursuant to A.R.S. § 44-2036;

4 4. Order that the marital communities of SCOTT RENNY BOGUE SR. and ARLENE
5 JANE BOGUE be subject to any order of restitution, rescission, administrative penalties, or other
6 appropriate affirmative action pursuant to A.R.S. § 25-215;

7 5. Order that the marital communities of RYAN JAMES HERNDON and LORI
8 DARLENE HERNDON (AKA LORI J. HERNDON AKA LORI JORDAN) be subject to any
9 order of restitution, rescission, administrative penalties, or other appropriate affirmative action
10 pursuant to A.R.S. § 25-215;

11 6. Order that the marital communities of LINDA BRYANT JORDAN (A.K.A. LINDA
12 VAN VRANKEN A.K.A. LINDA JORDAN-VAN VRANKEN) and RUSSELL LANGDON VAN
13 VRANKEN be subject to any order of restitution, rescission, administrative penalties, or other
14 appropriate affirmative action pursuant to A.R.S. § 25-215;

15 7. Order that the marital communities of CHRISTOPHER ELLIS MARX and JANE
16 DOE MARX be subject to any order of restitution, rescission, administrative penalties, or other
17 appropriate affirmative action pursuant to A.R.S. § 25-215; and

18 8. Order that the marital communities of SCOT ALAN OGLESBY and LORI ANN
19 OGLESBY be subject to any order of restitution, rescission, administrative penalties, or other
20 appropriate affirmative action pursuant to A.R.S. § 25-215; and

21 9. Order any other relief that the Commission deems appropriate.

22 **XVII.**

23 **HEARING OPPORTUNITY**

24 RESPONDENT ENTITIES, RESPONDENTS, and RESPONDENT SPOUSES may request
25 a hearing pursuant to A.R.S. § 44-1972 and A.A.C. R14-4-306. If any RESPONDENT ENTITY,
26

1 RESPONDENT, or RESPONDENT SPOUSE requests a hearing, **the RESPONDENT ENTITY,**
 2 **RESPONDENT, and RESPONDENT SPOUSE must also answer this Notice.** A request for
 3 hearing must be in writing and received by the Commission within 10 business days after service of
 4 this Notice of Opportunity for Hearing. Each RESPONDENT ENTITY, RESPONDENT, and
 5 RESPONDENT SPOUSE must deliver or mail the request to Docket Control, Arizona Corporation
 6 Commission, 1200 W. Washington, Phoenix, Arizona 85007. A Docket Control cover sheet must
 7 accompany the request. A cover sheet form and instructions may be obtained from Docket Control
 8 by calling (602) 542-3477 or on the Commission's Internet web site at
 9 www.cc.state.az.us/utility/forms/index.htm.

10 If a request for a hearing is timely made, the Commission shall schedule the hearing to begin
 11 20 to 60 days from the receipt of the request unless otherwise provided by law, stipulated by the
 12 parties, or ordered by the Commission. If a request for a hearing is not timely made, the Commission
 13 may, without a hearing, enter an order against each RESPONDENT ENTITY, RESPONDENT, and
 14 RESPONDENT SPOUSE granting the relief requested by the Division in this Notice of Opportunity
 15 for Hearing.

16 Persons with a disability may request a reasonable accommodation such as a sign language
 17 interpreter, as well as request this document in an alternative format, by contacting Linda Hogan,
 18 Executive Assistant to the Executive Director, voice phone number (602) 542-3931, e-mail
 19 lhogan@azcc.gov. Requests should be made as early as possible to allow time to arrange the
 20 accommodation.

21 XVIII.

22 ANSWER REQUIREMENT

23 Pursuant to A.A.C. R14-4-305, if any RESPONDENT ENTITY, RESPONDENT, or
 24 RESPONDENT SPOUSE requests a hearing, each RESPONDENT ENTITY, RESPONDENT,
 25 and RESPONDENT SPOUSE must deliver or mail an Answer to this Notice of Opportunity for
 26

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1 Hearing to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix,
2 Arizona 85007, within 30 calendar days after the date of service of this Notice of Opportunity for
3 Hearing. A Docket Control cover sheet must accompany the Answer. A cover sheet form and
4 instructions may be obtained from Docket Control by calling (602) 542-3477 or on the
5 Commission's Internet web site at www.cc.state.az.us/utility/forms/index.htm.

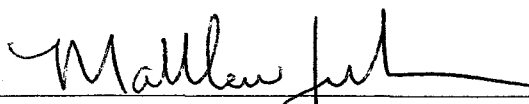
6 Additionally, each RESPONDENT ENTITY, RESPONDENT, and RESPONDENT
7 SPOUSE must serve the Answer upon the Division. Pursuant to A.A.C. R14-4-303, service upon
8 the Division may be made by mailing or by hand-delivering a copy of the Answer to the Division
9 at 1300 West Washington, 3rd Floor, Phoenix, Arizona, 85007, addressed to Michelle M. Allen.

10 The Answer shall contain an admission or denial of each allegation in this Notice and the
11 original signature of each authorized person for RESPONDENT ENTITY, RESPONDENT, or
12 RESPONDENT SPOUSE, or their attorney. A statement of a lack of sufficient knowledge or
13 information shall be considered a denial of an allegation. An allegation not denied shall be
14 considered admitted.

15 When any RESPONDENT ENTITY, RESPONDENT, or RESPONDENT SPOUSE
16 intends in good faith to deny only a part or a qualification of an allegation, each RESPONDENT
17 ENTITY, RESPONDENT, or RESPONDENT SPOUSE shall specify that part or qualification of
18 the allegation and shall admit the remainder. Each any RESPONDENT ENTITY,
19 RESPONDENT, or RESPONDENT SPOUSE waives any affirmative defense not raised in the
20 answer.

21 The officer presiding over the hearing may grant relief from the requirement to file an
22 Answer for good cause shown.

23 Dated this 5th day of September, 2006.

24
25 
26 Matthew Neubert, Director of Securities